



Department of Justice

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JUSTICE DEPARTMENT APPROVES MONSANTO'S ACQUISITION OF DEKALB GENETICS CORPORATION

Divestiture of Transformation Technology Rights and Licensing of Corn Germplasm Implemented

WASHINGTON, D.C. -- The Department of Justice today approved Monsanto Company's \$2.3 billion acquisition of DeKalb Genetics Corporation after Monsanto implemented certain changes to their deal that will ensure that biotechnology developments in corn remain competitive.

After the Department's Antitrust Division raised competitive concerns, Monsanto spun off its claims to a recently developed technology used to introduce new genetic traits into corn seed -- called agrobacterium-mediated transformation technology -- to the University of California at Berkeley. Monsanto also entered into binding commitments to license its Holden's corn germplasm -- the type of corn genetic material that is used to breed the hybrid seed that farmers plant -- to seed company customers for the purpose of introducing new transgenic traits in corn.

Transgenic corn has been genetically altered so that it has certain traits, such as insect resistance or herbicide tolerance. Transformation technology is used to insert a desirable genetic trait into corn seed.

"American farmers feed the nation and the world. Competition in biotechnology ensures that those farmers have access to the latest innovations in seed technology. The action taken

today will ensure the producers can get the best corn seeds at the lowest prices,” said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. “The spin-off of the transformation technology, and the wide licensing of corn germplasm, will preserve competition in this newly emerging market for corn with transgenic improvements.”

According to the Department, the proposed combination of DeKalb’s intellectual property relating to the leading method of corn transformation, biolistics, and Monsanto’s claims to intellectual property in the emerging agrobacterium method, raised concerns about competition for corn transformation. Biotechnology developers need access to transformation technology on competitive terms, so they can introduce new traits into corn seed. The spin-off of Monsanto’s agrobacterium claims to the U.C. Berkeley, an independent entity with experience in the exploitation of such intellectual property, will ensure that biotechnology developers will not be deprived of future competition in corn transformation technology.

In addition, the proposed combination of Monsanto’s corn germplasm with DeKalb’s corn germplasm raised competitive concerns. Biotechnology developers wanting to introduce improvements in corn require access to elite germplasm such as that held by the two firms. Monsanto’s licensing of Holden’s corn germplasm to over 150 seed companies that are current Holden’s customers for use in creating corn hybrids with transgenic improvements will ensure that the merger does not reduce competition in biotechnology developments in corn.

Monsanto Company, headquartered in St. Louis, Missouri, is a life sciences company that conducts research and development in biotechnology in corn and owns and operates its retail corn seed company, Asgrow, and its corn germplasm firm, Holden’s Foundation Seeds. In 1997, it had net sales of approximately \$7.5 billion from these and other operations.

DeKalb Genetics Corporation, headquartered in DeKalb, Illinois, is a retail corn seed company that owns corn germplasm and conducts research and development in biotechnology in corn. In 1997, it had total revenues of approximately \$450 million.

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